

Virginia Department of Mines, Minerals & Energy

Virginia Gas and Oil Board

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Minutes and results of hearing, December 13, 2005

Board members present: Ms. Barber, Mr. McIntyre, Mr. Ratliff, Ms. Quillen, Mr. Simon, Mr. Wampler

1. The Virginia Gas and Oil Board heard a petition from Melvin Jack Long appealing the decision of the Director of the Division of Gas and Oil to issue permit for coalbed methane well VC-536078 for operations in the Kenady District, Dickenson County, Virginia subsequent to Informal Fact Finding Conference 17005. Docket Number VGOB-05-1018-1494. Continued from November.

Petitioner, a surface owner, objected to the proposed operations on the grounds that the operations would unreasonably interfere with owner's use of the surface. The Director, ruling that the operations did not constitute an "unreasonable infringement", denied the objection. The decision of the Director was upheld.

2. The Virginia Gas and Oil Board heard a petition from Hard Rock Exploration, Inc. for pooling of conventional gas unit HRVAE #15, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1539. Continued from November.

In the HRVAE #15 112.69-acre conventional gas unit, the applicant controls 41.8% of the oil and gas interests, and seeks to pool the remaining 58.2% of the interests. Acreage not under lease to the applicant and subject to pooling totals 65.6 net acres in two tracts having two owners who are leased to a different operator. There are no unlocated owners subject to escrow. No permit application has been submitted. The petition was withdrawn by the applicant.

3. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit A-24, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-1213-1541.

In the A-24 80-acre unit, the operator controls 99.97% of the coal and gas interests, and seeks to pool the remaining 0.03% of the interests. Unleased acreage subject to pooling totals 0.02 net acres in two tracts with six unleased owners. There are no conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

4. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AY-98, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-1213-1542.

In the 58.78-acre unit, the applicant controls 100% of the coal interests and 99.96% of the gas interests, and seeks to pool the remaining 0.04% of the gas interests. Unleased gas acreage subject to pooling totals 0.02 net acres in one tract with four unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 9/23/05. Pooling was approved.

5. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-119, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1213-1543.

In the BA-119 58.74-acre unit, the applicant controls 96.6% of the coal interests and 93.4% of the gas interests, and seeks to pool the remaining 3.4% of the coal interests and 6.6% of the gas interests. Unleased coal acreage subject to pooling totals 2.0 net acres in nine tracts with more than 100 unleased owners, and gas acreage subject to pooling totals 3.9 net acres in nine tracts with more than 100 unleased owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 6/2/05. Pooling was approved.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-124, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1213-1544.

In the BA-124 58.74-acre unit, the applicant controls 92.0% of the coal interests and 64.6% of the gas interests, and seeks to pool the remaining 8.0% of the coal interests and 35.4% of the gas interests. Unleased coal acreage subject to pooling totals 4.7 net acres in seven tracts with 60 unleased owners, and gas acreage subject to pooling totals 20.8 net acres in eight tracts with 62 unleased owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. An application for permit to drill the unit has been submitted. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BG-119, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1213-1545.

In the BG-119 58.74-acre unit, the applicant controls 100% of the coal interests and 82.5% of the gas interests, and seeks to pool the remaining 17.5% of the gas interests. Unleased gas acreage subject to pooling totals 10.3 net acres in one tract with two unleased claimants. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BH-108, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1213-1546.

In the BH-108 58.74-acre unit, the operator controls 90.2% of the coal and gas interests, and seeks to pool the remaining 9.8% of the interests. Unleased acreage subject to pooling totals 6.2 net acres in five tracts with 74 unleased owners. There are no conflicting claimants but there are unknown and unlocated owners subject to escrow. A permit to drill the unit was issued on 8/23/05. Pooling was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BK-115, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1213-1547.

In the BK-115 58.74-acre unit, the applicant controls 100% of the coal interests and 97.7% of the gas interests, and seeks to pool the remaining 2.3% of the gas interests. Unleased gas acreage subject to pooling totals 1.4 net acres in two tracts with 61 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 8/1/05. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from John Sheffield, as Trustee of Oryn Treadway Sheffield, Jr.

Trust and Oryn Sheffield, Jr., as Trustee of John Tolman Sheffield Trust requesting escrow of funds attributable to conflicting interests underlying properties belonging to the Trusts, Big Prater Creek, Hurricane Creek and Russell Fork River areas, Buchanan County, Virginia. Docket Number VGOB-05-1213-1548.

The petitioners claim ownership of coalbed methane interests in 69 tracts of land but have not been included in previous poolings or other actions involving the property. They are requesting that the Board require funds attributable to the their claimed interest be placed in escrow. Continued to March hearing.

11. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC. for re-pooling of conventional unit 825404, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1420-02.

In the 825404 112.69-acre conventional gas unit, the applicant controls 95.2% of the oil and gas interests, and seeks to pool the remaining 4.8% of the interests. Unleased acreage subject to pooling totals 5.4 net acres in two tracts having 22 unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 9/6/05. Continued to February hearing at the request of the applicant.

12. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of conventional unit V-502028, Kenady District, Dickenson County, Virginia. Docket Number VGOB-05-0816-1492-01.

The V-502028 112.69-acre conventional gas unit includes tracts having undetermined ownership. One of the possible owners is under lease while the other is unleased. Because of this situation, the applicant controls either 46.3% or 44.6% of the oil and gas interests, and seeks to pool the remaining 53.7% or 55.4% of the interests. Unleased acreage subject to pooling totals 62.4 or 60.5 net acres in five tracts having five unleased owners. There are unlocated and unknown owners subject to escrow. A permit to drill the unit was issued on 8/24/05. Continued to January hearing at the request of the applicant.

13. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536771, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-1213-1549.

In the VC-536771 58.77-acre unit, the applicant controls 100% of the coal interests and 99.5% of the gas interests, and seeks to pool the remaining 0.5% of the gas interests. Unleased gas acreage subject to pooling totals 0.3 net acres in one tract with four unleased claimants. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 10/17/05. Pooling was approved.

14. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of conventional unit P-550479, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-05-1213-1550.

In the P-550479 112.69-acre conventional gas unit, the applicant controls 89.9% of the oil and gas interests, and seeks to pool the remaining 10.1% of the interests. Unleased acreage subject to pooling totals 11.4 net acres in one tract having 47 unleased owners. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

15. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-550289, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-1213-1551.

In the VC-550289 58.77-acre unit, the operator controls 98.0% of the coal and gas interests, and seeks to pool the remaining

2.0% of the interests. Unleased acreage subject to pooling totals 1.2 net acres in one tract with one unleased owners. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-536849, Gladeville District, Wise County, Virginia. Docket Number VGOB-05-1213-1552.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 376 feet closer to existing Equitable gas well V-133678 and 484 feet closer to existing Equitable gas well V-502684 than the 2500 feet mandated by spacing. The exception is needed in order to accommodate U. S. Forest Service (surface owner) environmental needs. No permit application has been submitted. The location exception was approved.

17. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-536766, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-1213-1553.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 583 feet closer to existing Equitable gas well V-535655 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. A permit application has been submitted. The location exception was approved.

18. The Virginia Gas and Oil Board heard a petition from Hard Rock Exploration, Inc. for pooling of conventional unit HRVAE #13, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-05-1213-1554.

In the HRVAE #13 112.69-acre conventional gas unit, the applicant controls 57.7% of the oil and gas interests, and seeks to pool the remaining 42.3% of the interests. Unleased acreage subject to pooling totals 47.3 net acres in one tract having 10 owners who are unleased or are leased to other parties. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from Hard Rock Exploration, Inc. for pooling of conventional unit HRVAE #14, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-05-1213-1555.

In the HRVAE #14 112.69-acre conventional gas unit, the applicant controls 69.2% of the oil and gas interests, and seeks to pool the remaining 30.8% of the interests. Unleased acreage subject to pooling totals 34.8 net acres in four tracts having 20 owners who are unleased or are leased to other parties. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

The deadline for filing of petitions to the Board for the January 2006 hearing is 5 p.m., Friday, December 16, 2005 with the hearing scheduled for 9 a.m. on Tuesday, January 17, 2006 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.